

E FILED ON 5/4/10

THOMAS E. CROWE, ESQ.

THOMAS E. CROWE PROFESSIONAL

LAW CORPORATION

7381 W. Charleston Blvd., #110

Las Vegas, Nevada 89117

(702) 794-0373

Attorney for Movants Virginia Springall-Smith and Shane Smith

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

THE RHODES COMPANIES, LLC,)
)
)
)
)
Debtor.)

BANKRUPTCY NUMBER:

BK-S-09-14814-LBR

Chapter 11

Date: 5/11/10

Time: 1:30 p.m.

**REPLY TO DEBTOR'S OPPOSITION TO MOTION FOR RELIEF FROM STAY FILED
BY VIRGINIA SPRINGALL-SMITH AND SHANE SMITH**

Comes now, Movants, and through their attorney, THOMAS E. CROWE, ESQ., and replies Debtor's Opposition to Motion for Relief From Stay Filed by Virginia Springall-Smith and Shane Smith [hereinafter "Movants"]. Said reply is made and based upon the Points and Authorities attached hereto, the pleadings and papers on file herein and oral argument at the time of hearing of this matter.

DATED this 4th day of May, 2010.

THOMAS E. CROWE PROFESSIONAL
CORPORATION

By/s/ **THOMAS E. CROWE**
THOMAS E. CROWE, ESQ.
7381 W. Charleston Blvd.
Suite 110
Las Vegas, Nevada 89117
Attorney for Movants

POINTS AND AUTHORITIES

The motion seeks to retroactively annul the stay to allow Movant Mr. Smith to join in the already pending action against Debtor's insurer. The motion does not seek relief as to the Debtor or pursuit of any action against Debtor. The stay was lifted as to Movant Shane Smith's wife, See Exhibit 1, Order of October 28, 2009. The Motion was filed prior to the notice of the Confirmation of the Debtor's Plan. Movant agrees that the stay no longer applies. Debtor argues, however, that the permanent discharge bars action against Debtor's insurance company.

The insurer of Debtor has an independent third-party responsibility to claimants against Debtor under Nevada law, which is not subject to the discharge. The Motion seeks only the opportunity for Mr. Smith to join his loss of consortium claim in the already pending action, which impacts only the Debtor's insurer. 11 U.S.C. §524(e) provides:

Except as provided in subsection(a)(3) of this section, discharge of a debt of the Debtor does not affect the liability of any other entity on, or the property of any other entity for, such debt.

The Ninth Circuit has "repeatedly held, without exception, that §524(e) precludes Bankruptcy courts from discharging the liability of non Debtors." See In re Lowenschuss, 67 F. 3d 1394 (9th Cir. 1995). The injunction contained in Article VIII. H of the Plan, aside from not being in accord with the procedures required under the Local Rules, also does not act as a bar against the independent action against the insurer. The Ninth Circuit has noted that the addition of §524(g) as part of the Bankruptcy Reform Act of 1994, supports its conclusion in Lowenschuss, and this Circuit has expressly rejected the Fourth Circuit's decision in In re A.H. Robins Co., Inc., 880 F. 2d 694 (4th Cir. 1989).

The Movant seeks an Order from the Court that the discharge does not now bar him from independently pursuing the insurer and that no stay or discharge injunction here applies.

Therefore, Movant respectfully request that Debtor's Opposition to Motion for Relief From Stay Filed by Virginia Springall-Smith and Shane Smith be denied.

DATED this 4th day of May, 2010.

Respectfully Submitted,

**THOMAS E. CROWE PROFESSIONAL
LAW CORPORATION**

Is/ **THOMAS E. CROWE**
THOMAS E. CROWE, ESQ.
Nevada State Bar No. 3048
7381 W. Charleston Blvd.
Suite 110
Las Vegas, NV 89117
Attorney for Movants

**CERTIFICATE OF MAILING OF RE: REPLY TO DEBTOR'S OPPOSITION TO
MOTION FOR RELIEF FROM STAY FILED BY VIRGINIA SPRINGALL-SMITH AND
SHANE SMITH**

I, PAMELA POULSEN, hereby certify that a copy of the Reply to Debtor's Opposition to Motion for Relief From Stay Filed by Virginia Springall-Smith and Shane Smith, filed herein, in the above-entitled case, was mailed by me on the 5th day of May, 2010, by depositing copies thereof in a sealed envelope, first-class postage prepaid, in the United States Mail, to the parties and addresses as follows:

THE HARTFORD
P.O. Box 14267
Lexington, KY n 4-512
Claim CA0007545721

Zachariah Larson, Esq.
810 S. Casino Center Blvd., Suite 104
Las Vegas, NV 89101

DATED this 4th day of May, 2010.

Is/ **PAMELA POULSEN**
PAMELA POULSEN, an employee of
THOMAS E. CROWE PROFESSIONAL
LAW CORPORATION

###

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Entered on Docket
October 28, 2009

A handwritten signature in black ink, appearing to read "Linda B. Riegle".

Hon. Linda B. Riegle
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

THE RHODES COMPANIES, LLC, aka
"Rhodes Homes," et al.

Debtors.

Affects:

All Debtors
 Affects the following Debtor(s)
 Gung-Ho Concrete, LLC

Case No.: BK-S-09-14814-LBR
(Jointly Administered)

Chapter 11

Hearing Date: October 19, 2009

Hearing Time: 9:30 a.m.

Courtroom 1

**ORDER APPROVING AMENDED MOTION FOR RELIEF FROM STAY FILED BY
VIRGINIA SPRINGALL-SMITH – [DOCKET NO. 433]**

Upon consideration of the *Amended Motion for Relief from Stay* (the "Motion") [Docket No. 433] filed by Virginia Springall-Smith ("Ms. Smith"), and good cause appearing,

IT IS HEREBY ORDERED THAT

The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14823); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jerups, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf and Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Baticave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

LARSON & STEPHENS
310 S. Casino Center Blvd., Suite 104
Las Vegas, Nevada 89101
Tel: (702) 382-1170 Fax: (702) 382-1169

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1. The Motion is granted as set forth herein.
2. The automatic stay under section 362 of the Bankruptcy Code shall be modified
3 to permit Ms. Smith to prosecute the action entitled *Virginia Springall-Smith v. Gung-Ho*
4 *Concrete, LLC et. al.* currently pending in Clark County, Nevada, Case Number A 09-593034-C,
5 in order to allow Ms. Smith to liquidate her claim and pursue any recovery from insurance
6 proceeds only. Ms. Smith may not file a claim against the estate or seek any recovery from the
7 Debtor, and expressly waives any and all right to distribution from the Debtor's estate.

8 APPROVED/DISAPPROVED:
9

10 DATED this 14th day of October 2009.

11 By: 
12 UNITED STATES TRUSTEE

13 August Landis
14 Office of the United States Trustee
15 300 Las Vegas Blvd. S., Ste. 4300
16 Las Vegas, NV 89101

17 Prepared and submitted by:

18 DATED this 19th day of October 2009.

19 THOMAS E. CROWE PROFESSIONAL
20 LAW CORPORATION

21 By: /s/ Thomas E. Crowe
22 Thomas E. Crowe
23 7381 West Charleston Blvd., Ste. 110
24 Las Vegas, Nevada 89117
25 Telephone: (702) 794-0373
26 tcrowe@lvcom.com
27 Counsel for Movant

28 LARSON & STEPHENS

29 By: /s/ Zachariah Larson
30 Zachariah Larson, Esq. (NV Bar No 7787)
31 Kyle O. Stephens, Esq. (NV Bar No. 7928)
32 810 S. Casino Center Blvd., Ste. 104
33 Las Vegas, NV 89101
34 (702) 382-1170 (Telephone)
35 (702) 382-1169 (Facsimile)
36 zlarson@lslawnv.com
37 Counsel for Debtors

LR 9021 Certification

In accordance with LR 9021, counsel submitting this document certifies as follows (check one):

The court has waived the requirement of approval under LR 9021.

No parties appeared or filed written objections, and there is no trustee appointed in the case.

I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and any trustee appointed in this case, and each has approved or disapproved the order, or failed to respond, as indicated below.

Submitted by:

DATED this 23rd day of October 2009.

By: /s/ Zachariah Larson

LARSON & STEPHENS

Zachariah Larson, Esq. (NV Bar No 7787)
Kyle O. Stephens, Esq. (NV Bar No. 7928)
810 S. Casino Center Blvd., Ste. 104
Las Vegas, NV 89101
(702) 382-1170 (Telephone)
(702) 382-1169
zlarson@lslawnv.com
Attorneys for Debtors

EXHIBIT 1